



Arun.Jhaveri@EE.DOE.GOV

11/09/2004 01:10 PM

To Eileen.Yoshinaka@EE.DOE.GOV

cc Catherine.P.Awakuni@hawaii.gov

bcc

Subject Re: Seattle, November 8-10 : State of Hawaii Public Utility Commission's "Electric Utility Rate Design Concept Paper", dated Nov. 1, 2004

Hi Eileen - Thanks for the opportunity to comment on the subject matter. The following are strictly my CURSORY Review Comments. I am sure, there are other Utility Professionals in our Western Region, who may be more qualified than me to provide additional comments or guidance on this exciting Hawaii Initiative:

1. The promotion and encouragement of significantly high(from current) Electrical Power Generation from Life-Cycle-Cost-Effective RENEWABLE ENERGY TECHNOLOGIES in Hawaii, is not only a requirement based on the recently approved State Legislation, but also makes strategic sense from the political, economic, public policy, and energy independence/self-reliance perspectives, not to mention the natural plentiful availability of non-fossil energy resources. However, in order to make this an outcome-based strategic initiative, it is recommended that a specific Quantitative Goal be established as a function of time, such as an aggressive Minimum 20% electrical power generation from RENEWABLES by the year 2010(in lieu of comparable goals of 20% by 2020);

2. The preferred desired and attainable Regulatory Regime for the proposed initiative should be "Performance Based Ratemaking(PBR), consistent with the current or future STRATEGIC ENERGY/UTILITY PLAN for the State of Hawaii. In this day and age, Results-Oriented Performance Measures in both Public and Private Sectors, are the norm rather than exceptions, primarily because of the urgent need for Responsiveness, Accountability, Transparency, and Integrity;

3. There needs to be a FAIR and DEMONSTRABLE Balance between the need to earn a reasonable rate of return by the participating Investor-owned Utilities and the Public Ratepayers/Taxpayers they serve in the community at large. One way to accomplish this challenge would be to set aside a Revolving Fund mechanism, strictly dedicated to the financial transactions(Revenue/Expenditures) resulting from the implementation of Renewable Portfolio Standards(RPS);

4. Because of the initial inherent RISKS involved with any new business/marketing/financial initiative such as the proposed subject matter, it is critical that a 'Comprehensive Life Cycle Cost/Benefit and Risk Analysis' be performed by an independent third party(e.g. competitively selected Consultant or University) prior to formalizing the recommended mechanism, process, and performance measures. Among the Evaluation Criteria to be incorporated, should include such quantitative parameters/variables as Availability/Reliability of Renewable Energy-generated Electrical Power; Affordability; Fuel Efficiency; Security; Customer Service/Satisfaction, Protection of Individual, Civil, and Human Rights; and Enhancement of Environmental Stewardship & Quality of Life Attributes;

5. It is absolutely important that a Final Protocol & Prospectus of the proposed initiative be adopted only after a series of Open Public Hearings

& Scrutiny that ascertains Credibility, Empowerment, and Consensus of the Ratepayer Customers it is supposed to serve. Periodic 'mid-course corrections and/or changes' must be an integral part of the established process that delivers the identified products, services, and commodities from the selected "PBR/RPS" Initiative.

I hope, this is helpful. Please keep me informed as this exciting initiative develops. ARUN JHAVERI, USDOE/EERE/FEMP/SEATTLE @ 206-553-2152

P.S. A couple of utility professionals that you may want to contact for additional dialog are: a) Scott Tomashefsky of the California Energy Commission @ 916-654-4896, and b) Dr. Gary Crane of the Seattle City Light @ 206-684-3455. These are my friends/colleagues/acquaintances in the Energy/Utility arena.

	Eileen Yoshinaka	To:	Arun
Jhaveri/SEA/EE/DOE	11/04/2004 02:50	cc:	
	PM	Subject:	Seattle, November
8-10			

Hi, Arun. I will be at the WRO on Monday, November 8. I have a Rebuild meeting on 11/9-10 which will be held in the Puget Sound Conference room. If you are available on Monday, November 8, I'd like to chat with you. Our PUC is having a workshop on November 22-23, 2004, on Electric Utility Rate Design in Hawaii. I will bring the concept paper put together by the PUC for you to review.

Thank you. See you on Monday.

Eileen Yoshinaka
Pacific Liaison
U.S. Department of Energy
P.O. Box 50168
Honolulu, HI 96850

Phone: 808-541-2564
FAX: 808-541-2562